

## *City of Milwaukee Task Force on Convenient Lending Recommendations*

### **Changes Recommended for Banks, Payday Lenders, and Check Cashers**

The City of Milwaukee's Convenient Lending Task Force, chaired by Alderman Joe Davis, recently finalized its work. The Common Council directed the Task Force to "investigate the impacts of convenient cash businesses on surrounding neighborhoods, including by not limited to effects on public safety and community and economic development". It further directed the Task Force to develop and present its findings and recommendations to the Common Council.

#### **The Convenient Lending Task Force made the following recommendations:**

1. The Wisconsin Department of Financial Institutions (DFI) should require payday loan companies to include information on customers' zip code or census tract and make this information available to the general public. In addition, DFI should collect and disseminate data that distinguishes between the amount loaned (principal), the amount of the finance charges and the amount attributable to fees.
2. The Milwaukee Police Department, the Legislative Reference Bureau and the City Attorney should work together to explore options for tightening or creating City ordinances relating to regulation of the convenient lending industry.
3. The Milwaukee Common Council should take advantage of opportunities to comment on bank mergers and acquisitions, as provided for in the federal Community Reinvestment Act (CRA). The Council should use CRA comment letters to encourage banks to open additional branches in low- and moderate-income neighborhoods where check cashers and payday loan establishments are concentrated and no branch banks exist.
4. The City of Milwaukee should meet with financial institutions that want to close offices in low- and moderate-income neighborhoods to discuss the needs of those communities and how those needs will be met without a financial institution nearby.
5. The City of Milwaukee should encourage financial institutions to provide the community with alternatives to check-cashing establishments.
6. The City of Milwaukee should meet with representatives of Milwaukee County and other municipalities within the County to ask them to join with the City in forming and funding a comprehensive plan to help educate residents about the costs of doing business with convenient lending establishments such as payday lenders, check cashers and predatory home mortgage lenders.
7. The City of Milwaukee should adopt legislation that requires each bank in which the City deposits funds to prepare a strategic plan that addresses racial disparities in its lending and investment practices.
8. The City of Milwaukee should sponsor, in partnership with financial institutions, a conference on alternatives to convenient lending to which Milwaukee-area lenders and other relevant organizations would be invited.
9. The Milwaukee Common Council should request that DFI research and prepare an evaluation report on legislation that would regulate payday lenders in the same manner that pawn brokers are regulated, particularly with respect to maximum fees and interest rates on loans.
10. The City of Milwaukee should continue to administer the Zoning Code's distance requirements for convenient cash businesses, monitor the effectiveness of these requirements and amend the Code as appropriate. In addition, the Department of City Development, Legislative Reference Bureau and City Attorney's Office should explore creating additional regulations limiting the number of convenient cash businesses on a density basis.

For more information on the recommendations, or for a copy of the full report, contact MMFHC.

*(The full report is also online at the League of Women Voters of Milwaukee County web site [http://lwvmilwaukee.org/local\\_study.html](http://lwvmilwaukee.org/local_study.html))*